

**FILED****IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA****Alexandria Division**

DEC EOC 20 A 8:32

TRIANTAFYLLOS TAFAS,	)	CLERK US DISTRICT COURT
Plaintiff,	)	ALEXANDRIA, VIRGINIA
v.	)	
JON W. DUDAS, <i>et al.</i> ,	)	1:07cv846(JCC/TRJ)
Defendants.	)	
	)	
	)	
	)	

**CONSOLIDATED WITH**

SMITHKLINE BEECHAM CORPORATION, <i>et al.</i> ,	)	
Plaintiff,	)	
v.	)	
JON W. DUDAS, <i>et al.</i> ,	)	1:07cv1008(JCC/TRJ)
Defendants.	)	
	)	
	)	
	)	

**MEMORANDUM IN SUPPORT OF MOTION OF *AMICUS CURIAE* R&D  
LICENSING COMPANIES FOR LEAVE TO FILE A BRIEF ON THE ISSUE OF  
THE IMPACT OF THE PROPOSED USPTO RULES  
ON AMICI' BUSINESS MODEL**

The R&D Licensing Companies (“the Companies” or “*Amici*”) submit this memorandum in support of their motion for leave to file a brief as *amicus curiae* on the issue of the impact of the proposed Patent and Trademark Office (“PTO”) rules governing important aspects of patent prosecution practice on *amici*’ business model. As set forth in detail below, the Companies have a substantial and direct interest in this litigation as representatives of the emerging technologies industry and can provide the Court with a unique perspective on the issues.

## BACKGROUND

The Companies share a common business model which at its core revolves around a creative and flexible intellectual property ("IP") portfolio. Each leverages its IP assets through robust licensing programs that provide sufficient return on investment to fund further research and development ("R&D") efforts. The final rules published by the PTO on August 21, 2007, if implemented as published, will negatively impact each *amicus*' ability to claim and protect their inventions. *See* Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 72 Fed. Reg. 46,716 (Aug. 21, 2007) ("Final Rules").

Inventions inherently form the core of the business model for R&D organizations including of each *amicus*. Indeed, virtually the entire value of each *amicus* is embedded in its IP portfolio and IP rights. The Companies are all acknowledged innovators in their fields of technology. The quality and sophistication of their inventions has been and continues to be the major driving force in their growth and success. Their innovation, and equally important their ability to protect their innovation, has allowed them to successfully seek and obtain investment capital, revenue growth, and increased profits needed to expand their enterprises. A brief description of each signatory is provided.

### ***AmberWave Systems***

AmberWave Systems Corporation was founded in 1998 to answer the market demand for a technology development organization that could commercialize Silicon Germanium-graded buffer technology from the Massachusetts Institute of Technology. In conjunction with its university research projects, the company conducts its own research, development and limited manufacturing at its semiconductor fabrication facility

in Salem, New Hampshire. AmberWave Systems uses an intellectual property business model of innovation, patenting, licensing and tech transfer was recognized early on as the best way to achieve efficiency in bringing new materials to users.

***Fallbrook Technology***

Fallbrook Technologies Inc. is based in San Diego, California, with a research and development facility located near Austin, Texas. Fallbrook Technologies Inc. (Fallbrook) is a technology research and development company. Fallbrook's core technology is its traction-based, NuVinci™ transmission - a continuously variable planetary (CVP) drive ideally suited for applications in virtually any mechanical device that has a transmission, or which requires speed variation. As an intellectual property (IP) licensing company, Fallbrook has partnerships with Manufacturers, companies who manufacture NuVinci CVPs and/or parts, and with original equipment manufacturers (OEMs), companies who integrate the NuVinci CVPs supplied by Manufacturers into products or vehicles that are then ultimately sold to consumers. Fallbrook's licensing program is designed to create a community of technology around the NuVinci CVP.

***Nano-Terra Inc.***

Nano-Terra Inc. is based in Cambridge, Massachusetts, and is a privately-held research and development company employing 30 people, primarily scientists. Its executive team is experienced in proving the value of early stage technologies and creating successful new ventures. The company has field-exclusive licenses to more than 55 patents on work done by co-founder Dr. George Whitesides. Nano-Terra advisors have been active and successful in creating valuable early stage ventures that resulted in numerous successful companies. Through its innovative collaborative business model

based on the ability to capitalize on its patents has been involved in over a dozen start-ups over the years, with an aggregate market value in excess of \$20 billion.

***InterDigital Communications, LLC***

InterDigital Communications, LLC develops technology for the wireless communications industry. The company's roots date back to 1972 and it employs approximately 240 engineers. It derives much of its revenues from licensing its technology to companies that manufacture cellular telephones and other mobile terminal devices. InterDigital's licensees include Apple, LG, NEC, Sharp, Research in Motion, Ericsson, Nokia, Samsung and Sony-Ericsson.

***Tessera***

Tessera is a leading provider of miniaturization technologies enabling the component industry to build smaller, faster, and more reliable electronic products. Tessera presently has over 360 issued United States patents and over 50 licensees in the area of computer chip packaging technology, including the world's top component companies such as Intel, Samsung, Renesas, Toshiba and Texas Instruments, as well as a number of universities. Over 4.5 billion computer chips incorporating Tessera's miniaturization technology have been integrated into a range of wireless, computing, gaming, entertainment, medical, and defense-related electronic products. Tessera's ability to continue to innovate depends upon its ability to create and maintain a robust and flexible intellectual property portfolio, license its technology and enforce its issued patents.

**ARGUMENT**

The decision whether to allow a non-party to participate as *amicus curiae*, and the extent and manner of such participation, is within the court's discretion. *Cobell v.*

*Norton*, 246 F. Supp. 2d 59, 62 (D.D.C. 2003). Participation by *amici curiae* is appropriate where the proposed *amici* have “an important interest” in the case and would provide “a valuable perspective that is helpful to the Court.” *United States v. Boeing Co.*, 73 F. Supp. 2d 897, 900 (S.D. Ohio 1999). The Companies *amicus* brief would address the concerns of innovative companies in the emerging technologies industry. These concerns are directly relevant to the public interest prong of the plaintiff’s requests for permanently enjoining the implementation of the Final Rules.

The Companies will be affected by the PTO’s proposed rules. The proposed USPTO rules, with their arbitrary limits on the number of claims and continuation applications, would affect the ability of *amici* to obtain comprehensive and flexible patent protection. Further, retroactive implementation of the proposed USPTO rules will upset the settled expectations of *amici*. The effect is particularly acute where a patent family has already used up its arbitrarily allotted number of claims and continuation applications. The special effects of the Final Rules will be felt across the emerging technology industry where innovator companies share or seek to implement the R&D licensing business model.

*Amici* are uniquely positioned to provide this Court with information and perspectives on the proposed Final Rules’ impact on emerging technologies industry where innovators rely on robust licensing programs to fund and incentivize further research and development. The proposed Final Rules will disparately, adversely and irreparably affect this business model because of the models reliance on continuation applications and flexible and creative claiming strategies. The cumulative effects have important implications for the public’s access to emerging technology innovations and

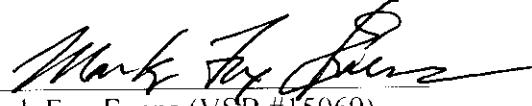
the benefits of such advancements. The Companies should therefore be granted leave to submit an *amici curiae* brief on the impact the proposed rules will have on their shared R&D licensing business model.

Counsel for GSK Plaintiffs and Mr. Tafas have consented to the filing of this motion. The defendants take no position on this motion. However, all parties agree that the motion should be decided without oral argument. The additional week to file the amicus brief is requested in order to permit review of and commentary on parties cross-motions for summary judgment.

Date: December 19, 2007

Respectfully submitted,

Robert G. Sterne  
Kenneth C. Bass, III (Va. Bar 001021)  
Michelle A. Cimbala  
Jon E. Wright (Va. Bar 48941)  
Mark F. Evens (Va. Bar 15069)  
David K.S. Cornwell  
STERNE, KESSLER, GOLDSTEIN  
& FOX P.L.L.C.  
1100 New York Avenue, N.W.  
Washington, D.C. 20005  
Telephone: 202-371-2600  
Facsimile: 202-371-2540  
email: [rsterne@skgf.com](mailto:rsterne@skgf.com)

  
Mark Fox Evans (VSB #15069)  
STERNE, KESSLER, GOLDSTEIN  
& FOX P.L.L.C.  
1100 New York Avenue, N.W.  
Washington, D.C. 20005  
Telephone: 202-371-2600  
Facsimile: 202-371-2540  
email: [mevens@skgf.com](mailto:mevens@skgf.com)

ATTORNEYS FOR *AMICUS CURIAE*:

AmberWave Systems Corp.  
Fallbrook Technologies, Inc.  
InterDigital Communications, LLC  
Nano-Terra, Inc.  
Tessera, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 20<sup>th</sup> day of December, 2007, I caused a copy of the foregoing Memorandum in Support of Motion of Amicus Curiae R&D Licensing Companies for Leave to File a Brief on the Issue of the Impact of the Proposed USPTO Rules on Amici's Business Model and accompanying proposed order to be filed with the Clerk of the Court and will send notification of such filing via First Class Mail to the following:

Elizabeth Marie Locke Kirkland & Ellis LLP 655 15th St NW Suite 1200 Washington, DC 20005 202-879-5000 Fax: 202-879-5200 Email: elocke@kirkland.com	Lauren A. Wetzler United States Attorney's Office 2100 Jamieson Ave Alexandria, VA 22314 (703) 299-3752 Fax: (703) 299-3983 Email: lauren.wetzler@usdoj.gov <i>Counsel for Defendants</i>
and	
Craig Crandall Reilly Richard McGettigan Reilly & West PC 1725 Duke St Suite 600 Alexandria, VA 22314 (703) 549-5353 Email: craig.reilly@rmrwlaw.com <i>Counsel for GSK Plaintiffs</i>	James Murphy Dowd Wilmer Cutler Pickering Hale & Dorr LLP 1455 Pennsylvania Ave NW Washington, DC 20004 (202) 942-8400 Email: james.dowd@wilmerhale.com <i>Counsel for Putative Amicus PhRMA</i>
Joseph Dale Wilson, III Kelley Drye & Warren LLP Washington Harbour 3050 K Street NW Suite 400 Washington, DC 20007 202-342-8504 Fax: 202-342-8451 Email: jwilson@kelleydrye.com <i>Counsel for Plaintiff Tafas</i>	Randall Karl Miller Arnold & Porter LLP 1600 Tysons Blvd Suite 900 McLean, VA 22102 (703) 720-7000 Email: randall_miller@aporter.com <i>Counsel for Putative Amicus BIO and Monsanto Company</i>

<p>Scott Jeffrey Pivnick  Pillsbury Winthrop Shaw Pittman  LLP  1650 Tysons Blvd  Suite 1400  McLean, VA 22102  (703) 770-7864  Email:  scott.pivnick@pillsburylaw.com</p>	<p>Thomas J. O'Brien  Morgan, Lewis &amp; Bockius  1111 Pennsylvania Ave, NW  Washington, DC 20004  202-739-5186  Fax: (202) 739-3001  Email: to'brien@morganlewis.com  <i>Counsel for Putative Amicus AIPLA</i></p>
<p><i>Counsel for Putative Amicus Elan  Pharmaceuticals</i></p>	
<p>Dawn-Marie Bey  King &amp; Spalding LLP  1700 Pennsylvania Avenue  Suite 200  Washington, DC 20006  (202) 626-8978  Fax: 202 626-3737  Email: dbey@kslaw.com  <i>Counsel for Putative Amicus  IHEXAS, LLC; The Roskamp  Institute; Tikvah Therapeutics, Inc.</i></p>	<p>Charles Gorenstein  Birch Stewart Kolasch &amp; Birch LLP  8110 Gatehouse Rd  PO Box 747  Falls Church, VA 22040-0747  (703) 205-8000  Email: cg@bskb.com  <i>Counsel for Putative Amicus Intellectual  Property Institute of William Mitchell  College of Law</i></p>

	 Mark Fox Evens (VSB #15069) STERNE, KESSLER, GOLDSTEIN & FOX P.L.L.C. 1100 New York Avenue, N.W. Washington, D.C. 20005 Telephone: 202-371-2600 Facsimile: 202-371-2540 email: mevens@skgf.com
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